

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 02068 100227Z

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-08

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06

TRSE-00 L-03 AGRE-00 OMB-01 PRS-01 PA-01 USIA-06

AID-05 XMB-02 FRB-03 /061 W

-----100358Z 118342 /75-62

R 100100Z FEB 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5861

INFO AMEMBASSY OSLO

AMCONSUL HONG KONG

LIMITED OFFICIAL USE MANILA 2068

HONG KONG FOR REGIONAL TREASURY REPRESENTATIVE

E. O. 11652: NA

TAGS: EWWT, EFIN, RP

SUBJECT: PHILIPPINES OBTAINS \$158 MILLION NORWEGIAN SHIP LOAN

1. NORWEGIAN LOAN TO THE PHILIPPINES FOR PURCHASE OF SHIPS WAS GIVEN FRONT-PAGE TREATMENT IN MANILA PRESS ON FEBRUARY 6. LOAN SIGNED BY GENEROSO TANSECO, PRESIDENT OF PHILIPPINE NATIONAL LINES, AND BUE BRUN, NORWEGIAN AMBASSADOR-AT-LARGE.

2. CAPT. VIC BOSCO, MARITIME INDUSTRY AUTHORITY (MIA), HAS TOLD EMBASSY OFFICER THAT LOAN IS FOR \$158 MILLION, \$126 MILLION OF WHICH WILL BE APPLIED TO CONSTRUCTION OF OCEAN-GOING SHIPS (ABOUT 20,000 DWT) IN NORWAY, THE REMAINING \$32 MILLION FOR SUPPLIES AND SERVICES FOR CONSTRUCTION IN PHILIPPINES OF INTERISLAND VESSELS (2,000 TO 3,000 DWT). BOSCO SAID THERE ARE A NUMBER OF DETAILS YET TO BE WORKED OUT. SPECIFICATIONS HAVE NOT BEEN DETERMINED, AND DISCUSSION WITH THE END-USERS--PHILIPPINE COMMERCIAL LINES WHICH WILL LEASE THE SHIPS FROM THE GOP--WILL NOT BE COMPLETED UNTIL ABOUT MID-MAY. TOTAL NUMBER OF SHIPS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 02068 100227Z

TO BE FINANCED THEREFORE UNCERTAIN. ALSO, PHILIPPINE YARDS TO PARTICIPATE IN THE INTERISLAND PROGRAM HAVE NOT BEEN SELECTED. BOSCO SAID ONLY ABOUT FIVE WOULD BE QUALIFIED.

3. ACCORDING TO BOSCO, THE LENDER IS THE GOVERNMENT OF NORWAY, WITH 10 PERCENT BEING PUT UP BY A BANK CONSORTIUM HEADED BY NORWEGIAN CREDIT BANK. LOAN IS PAYABLE BY BORROWER (GOP) IN

15 YEARS WITH THREE-YEAR GRACE PERIOD, AND GON, THROUGH EXPORT FINANCE CREDIT GUARANTEE OFFICE, IS SUBSIDIZING ONE-THIRD OF 9 PERCENT INTEREST CHARGES, WITH RESULTING INTEREST TO BORROWER OF 6 PERCENT. IN VIEW OF ISSUES YET TO BE RESOLVED, BOSCO THOUGHT THAT DRAW-DOWNS WOULD NOT BEGIN UNTIL THE LATTER PART OF 1977 WITH FULL DISBURSEMENT BY 1979.

4. AS AN INSTRUCTIVE COMMENT ON THE WAY THINGS ARE SOMETIMES DONE HERE, A CENTRAL BANK (CB) OFFICIAL IN THE EXTERNAL DEBT MANAGEMENT OFFICE TOLD EMBASSY OFFICER THAT SHE WAS SURPRISED TO READ OF THE LOAN IN THE PRESS, AND THAT THE CB HAD NOT PARTICIPATED IN THE NEGOTIATIONS, "AS WE SHOULD HAVE."

5. AFTER LOAN SIGNED AT MALACANANG, PRES. MARCOS TOOK OCCASION TO COMMENT THAT PHILIPPINE SHIPS CARRY ONLY 7.8 PERCENT OF RP FOREIGN TRADE (1974), THAT FREIGHT PAYMENTS AMOUNT TO \$600 MILLION PER YEAR(GROSS), AND THAT SUGAR EXPORTS AND WHEAT IMPORTS ARE EXAMPBLES OF CARGOES THAT SHOULD BE SHIPPED IN RP BOTTOMS.

6. AMB. BRUN NOTED THAT WITH NORTH SEA OIL REVENUES, NORWAY WOULD HAVE EXCESS FUNDS FOR ASSISTANCE AND INVESTMENTS ABROAD, AND OFFERED NORWAY'S COOPERATION IN OIL RESEARCH, HYDROELECTRIC DEVELOPMENT, AND FISHERIES.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHIPS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA02068
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770047-0350
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770255/aaaabwdt.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 445574c8-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3355684
Secure: OPEN
Status: NATIVE
Subject: PHILIPPINES OBTAINS \$158 MILLION NORWEGIAN SHIP LOAN
TAGS: EWWT, EFIN, RP, NO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/445574c8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009